

# BONANZA TRADING CORPORATION

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January 29, 1996

Mr. Mark Young  
RJ Reynolds Tobacco  
400 Raritan Center Parkway  
Raritan Center  
Edison, NJ 08837

Dear Mark:

As you know Bonanza Trading Corporation and The Klein Candy Company have, in effect, merged their New York City operations. I, along with my management team, will continue to run the New York business locations and to be responsible for servicing the trade.

While our business plans are still evolving, it seems probable that we will pick some customers' orders in The Klein Candy Company facility - "cross-docking" these orders. The extent and duration of these logistical changes will be based on servicing our trade with both cigarettes and groceries in the best available manner.

However, I have two concerns. First, that RJ Reynolds will properly adjust Bonanza Trading Corporation's and The Klein Candy Company's allocations; and, second, that the necessary allotment and fair working of RJ Reynolds promotions will adequately be accomplished.

To the extent that customers are shifted as a test or permanently, I intend to inform both you and the Philadelphia sales office of the usage by packing so that an adjustment of allocation in either direction can be accomplished.

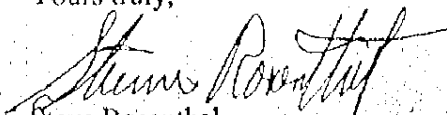
The most serious issues come to light when I consider the promotions, which I consider to be the life blood of any distributor's sales efforts in this highly competitive marketplace. As Bonanza Trading Corporation, we have diligently and preferentially worked all RJ Reynolds promotions in this market. Now, Bonanza Trading Corporation, Bonanza Too Co., L.L.C. or The Klein Candy Company will actively and responsibly market your promotions. We must continue to receive our fair allocation of promotions for New York, as we have in the past, regardless of which RJ Reynolds sales office enjoys the purchases at that time. Since we are already disadvantaged as compared to our competitors by not having the ratio of

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"non-delivered" prebooked retailer RJ Reynolds promotions (because of our large percentage of subjobber sales) to discretionarily re-offer to our subjobber customers, then it becomes vital that we do not fall victim to "steering" or other improper misappropriations of RJ Reynolds promotions for our customers. If you cannot control this process then Bonanza Too Co., L.L.C., The Klein Candy Company and Bonanza Trading Corporation will be seriously harmed as a consequence.

I hope that you will take the time to administer this fairness.

Yours truly,

  
Steve Rosenthal  
President

cc/ MR. DAVE WILMESHER  
AREA VICE PRESIDENT  
RJ REYNOLDS TOBACCO  
401 NORTH MAIN STREET  
WINSTON-SALEM, NC 27102

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